

MINUTES

**MONTANA SENATE
58th LEGISLATURE - REGULAR SESSION**

FREE CONFERENCE COMMITTEE ON HOUSE BILL 13

Call to Order: By **CHAIRMAN TOM ZOOK**, on April 21, 2003 at 11:30
A.M., in Room 317 Capitol.

ROLL CALL

Members Present:

Sen. Tom Zook, Chairman (R)
Rep. Alan Olson, Chairman (R)
Rep. Debby Barrett (R)
Sen. Mike Cooney (D)
Rep. Christine Kaufmann (D)
Sen. Bill Tash (R)

Members Excused: None.

Members Absent: None.

Staff Present: Prudence Gildroy, Secretary
Taryn Purdy, Legislative Fiscal Division

Please Note: These are summary minutes. Testimony and
discussion are paraphrased and condensed.

Committee Business Summary:

Hearing & Date Posted: HB 13, 4/21/2003
Executive Action: None

FREE CONFERENCE COMMITTEE HEARING ON HB 13

CHAIRMAN TOM ZOOK addressed **REP. ALAN OLSON**, saying apparently they didn't like the way the Senate sent the bill over, and he assumed **REP. OLSON** had something in mind.

REP. OLSON said it wasn't that they didn't like the way the Senate sent the bill over. He stated that he had something in mind, but it won't work at this time. He wanted to find a way to incorporate HB 360 into HB 13, but it won't fit under the title the way the bill is drafted. He hoped there was a way to fund the 45 cent per hour increase. The 45 cent increase would cover the increased health insurance costs to cover families.

CHAIRMAN. ZOOK pointed out that there are already health insurance increases in the bill. **REP. OLSON** agreed. **CHAIRMAN ZOOK** asked what it would cost and where the money would come from. **REP. OLSON** stated that originally it was tied to HB 360, the voluntary termination bill that **REP. DAVE LEWIS** brought.

Taryn Purdy, Legislative Fiscal Division, interjected that it would be about \$13 million out of general fund.

SEN. COONEY asked what information he had received that it was not possible to incorporate HB 360. **REP. OLSON** stated that he was told by the **Legislative Counsel** that HB 360 would not permit that being amended into HB 13 under it's current title.

{Tape: 1; Side: A; Approx. Time Counter: 0 - 3.2}

SEN. COONEY asked if that was the official opinion; he had information that the title was broad enough. **REP. OLSON** said that he doesn't have the opinion in writing.

SEN. COONEY said they were freezing pay for state employees, and giving them some assistance toward their health insurance. If they have family members on the plan, it will cost them out of pocket. His understanding is it will not cover the increases. He was concerned about the impact on state employees, and recruiting and retention. He is wondering what kind of commitment they can make to state employees to "unfreeze" their current pay structure. He offered that it will be hard to retain employees if the situation continues.

{Tape: 1; Side: A; Approx. Time Counter: 3.2 - 7.2}

REP. KAUFMANN added that the House rejected the Senate amendments, due to their desire to do more for state employees.

She wondered if there was any opportunity to amend in a different source. **CHAIRMAN ZOOK** stated that the ending fund balance is hanging by a thread, and that thread is over in the House. There is a bill that funds a lot of these things, and that needs to pass. He didn't know where to get \$13 million more anywhere. He said that even if all of the revenue bills pass, they will still be short for a strong ending fund balance. Everyone, including the Executive, didn't like that the state is not able to give state employees a raise, but they struggled to come up with the money to provide the health insurance help they did. He said state employees are outstanding people, and he wished they could reward them better than they do. It doesn't look possible at this point in time to do that.

{Tape: 1; Side: A; Approx. Time Counter: 7.2 - 9.7}

SEN. COONEY asked if there is a turnaround in the economy during the interim, if there is a way to craft language allowing for agencies to provide an increase. He wondered if they have to appropriate specific dollars. **Ms. Purdy** answered the only way an agency would be able to provide an increase and have the money to do so, is if the Legislature provides an additional appropriation. She stated that contingency language could be included, should revenues be higher than X amount.

SEN. COONEY asked the budget director to comment. **CHAIRMAN ZOOK** expressed concern over raising false hopes.

Chuck Swysgood, Office of Budget and Program Planning, cautioned the committee about doing something of that nature, because of the uncertainty of available revenues. There are obligations on the general fund contingent on the passage of other bills, and it would not be prudent at this time to venture down that road.

{Tape: 1; Side: A; Approx. Time Counter: 9.7 - 12.7}

Ms. Purdy advised the committee needs to report out; if no changes are made, that is reflected in the report.

REP. OLSON asked about the possibility of resurrecting HB 360. **CHAIRMAN ZOOK** stated that he doesn't think there is a possibility at all. There are concerns with HB 360 and the retirement of state employees. He and others were concerned about the loss of valuable employees. In order to pay for them, many feel it would take 500 retiring, because part of those retiring would be federal employees. That doesn't help the general fund. There are already a number of retired state employees that are back working on a contract basis. He didn't think they would save near the money they thought they might, and that was the source

of the funding for that particular bill. If the state can get along with 400-500 fewer employees, he thought there ought to have been a bill to do that. The problem would be they would be removed from the bottom. Under a RIF program, it's last hired, first fired. That doesn't achieve the number of dollars needed to implement HB 360. He thought there were too many strikes against the bill.

REP. OLSON stated his understanding was there are 400 existing unfilled positions. **CHAIRMAN ZOOK** asked where they would get the 900 or 1000 people in this high income category that are going to retire.

REP. OLSON said that some will retire and others will move up to take the positions. The pay scale would be cut. **CHAIRMAN ZOOK** advised the vacant positions have already been accounted for in vacancy savings.

{Tape: 1; Side: A; Approx. Time Counter: 12.7 - 16.5}

SEN. COONEY wondered if the budget director anticipates any "RIFs" in state government. **Director Swysgood** said RIFs are always a possibility, but they are not anticipating any.

CHAIRMAN ZOOK expressed they've had some trouble raising revenue of any sort to do some of these things that everybody would like to do. Both the short and long term proposals that came out of the Senate didn't fare very well in the House.

REP. OLSON apologized, and said he had something that might have been able to work.

Motion/Vote: **REP. OLSON** moved to **ACCEPT THE SENATE AMENDMENTS**.
Motion carried 4-2 by voice vote, with SEN. COONEY, AND REP. KAUFMANN voting no.

{Tape: 1; Side: A; Approx. Time Counter: 16.4 - 21.8}

ADJOURNMENT

Adjournment: 11:51 A.M.

SEN. TOM ZOOK, Chairman

Prudence Gildroy, Secretary

TZ/PG/

EXHIBIT (frs84hb0013aad)